

MEMORANDUM

Date: June 16, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Joshua Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – RS Technologies Acquisition Corp.
High-Technology MEGA Credit

COMPANY NAME

RS Technologies Acquisition Corp.
3425 Walden Avenue
Depew, New York 1403

HISTORY OF COMPANY

RS Technologies Acquisition Corp. (RSAC) is a 100% subsidiary of PCB Piezotronics which is based in Depew, New York. PCB Piezotronics is a high-technology manufacturing company with over \$100 million in annual revenues.

RSAC currently has 0 employees in Michigan and PCB Piezotronics currently has 6 employees in Michigan.

PROJECT DESCRIPTION

The proposed project is an asset purchase by RS Technologies Acquisition Corp. of RS Technologies in Farmington Hills, Oakland County. The company will provide a complete line of threaded fastener torque-tension test systems to verify torque tool performance characteristics necessary to assure the highest quality of threaded-fastener joints in their customers' mass production facilities. The company's products range from portable battery powered systems to automated laboratory systems.

RSAC will invest approximately \$1.7 million and create 40 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$813. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 228 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$5.7 million (current dollars) due to the presence of this facility.

BUSINESS CASE

The company is also considering moving all the employees to their facility in Depew, New York after the asset purchase is complete. Their facility has excess capacity and they would have lower wages and building costs under this option.

OTHER STATE AND LOCAL ASSISTANCE

The City of Farmington Hills is supportive of this project and plans to reimburse the application fee for RSAC.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Electronic Device Technology, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 70 percent high-technology employment tax credit for seven years for up to 40 net new employees in excess of the company's established base of 6.